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NOVEMBER 22, 1965

CHINA'S AGRICULTURE

BRITAIN MOVES TOWARD CEREAL SELF-SUFFICIENCY

U.S. FOOD AT BRUSSELS

EXPORT AND PROMOTION OF U.S. POULTRY

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NOVEMBER 22, 1965

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Belgians crowd around the U.S. exhibit at Brussel's International food fair to sample American rice. Some 350 U.S. food products were displayed there. (See page 9.)

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CHINA'S AGRICULTURE
—after 5 years of recovering from the Great Leap Forward

BY JOHN R. WENMOHS
U.S. Agricultural Officer, Hong Kong

Mainland China's Great Leap Forward, which began in 1958, brought 3 years of such disastrously low farm production that China had to devote the years 1961 through 1965 to bringing crops back to former levels.

Following is a report on progress and changes made during this adjustment period in farm production, organization, research, development programs, and trade. It must be remembered that lack of reliable statistics still inhibits reporting about China, and as Agricultural Officer Wenmohs puts it, production forecasts are often little more than educated guesses.

This last official year of Mainland China's comeback from the fiasco of its Great Leap Forward finds Chinese farm production about back to the pre-Leap level and the basic production units enjoying far more autonomy than previously envisaged. The Chinese Government has not, however, abandoned its goal of total control over the farmers, and most of the agricultural programs still reflect the government's insensitivity to the needs of these farmers.

Agricultural output stabilizes

Go back eight years, add the increased food demands of some 60 million more people, and that is about where China's agriculture is today — a position that is clearly a big improvement over the disaster years but still far from enough to support China's food needs.

The years following the Great Leap have seen China's output of food grains — including grains, potatoes, and pulses, which account for about 75 percent of the Chinese diet — jump sharply between 1961 and 1962 and then fluctuate around the 180-million-ton level.

Drought in North China is believed to have reduced from the 1964 level this year's crops of wheat and miscellaneous grains, while potato production has been pushed down because of decreased yields and acreage losses to peanuts. Rice, on the other hand, is forecast to show some gain, although estimates currently are very tentative, based entirely on the good early crop plus acreage sown to the large intermediate and late crops.

Production of soybeans—a big export crop for China—has not done so well, with 1965 output forecast below both the 1964 level and the 1953-57 average. Cotton output, on the other hand, is expected to end out the adjustment period at just about the 1953-57 level, as are hog and poultry numbers, which have recovered rapidly.

More incentives to farmers

China's success in expanding production of poultry and hogs during the adjustment period can be laid in part to its softening of land use policies — from farming all land collectively between 1958 and 1961 to permitting, and even encouraging, peasants on the communes to maintain private plots and to sell commodities raised on these plots in a limited free market. It is currently believed that some 80 percent of the hogs and 95 percent of the poultry are raised on such plots, which now account for about 5 to 7 percent of total cultivated land.

Another change that has sparked recovery in China's agriculture is the government's return of authority to the lower-echelon officials of the commune, after having concentrated it so much at the top that Chinese peasants showed little desire to work.

Today, for instance, the primary production unit — the production team — enjoys some of the independence it knew in the early 1950's (as the mutual aid team) when China's communal system was still in its development stage. These production teams — which consist of around 20 to 30 families — are again responsible for the disbursement of profits: members' wages are dependent on the amount and quality of their work and, of course, on the amount of money earned by the team as a whole. By comparison, the basic accounting unit of the 1958-60 period was at the top level of the communal organization, with responsibility for about 8,000 or more families, who were often spread over a vast land area.

The government uses additional incentives to obtain production increases for particular commodities. Output of sugarcane, for instance, is encouraged through bonuses of chemical fertilizers and cotton cloth, given upon delivery of native sugar, extra sugarcane out of increased production, or cane grown on private plots. Similarly, hog producers are given a part of the needed feed.

While it is widely believed that these farm organization changes have helped China to come back from the low-production years, there is little indication that China will go much further in giving the farmers independence. (Already it has begun restricting the free market for produce grown on private plots.) Instead, China seems to have incorporated the more lenient measures out of emergency, alone, with the hope that in the long run the Chinese will be purged of all desire for profit.

Search for the selfless man

Perhaps China feels that it can escape the dire effects of the communal system through its program to create a "new man" who will work honestly, sincerely, and selflessly for the good of the collective, the party, the people, and the nation. Called the Socialist Education Movement, this program of indoctrination is considered by Communist Chinese authorities as the most important endeavor now being undertaken. Its raw material: the supposedly "uncorrupted" poor, or former landless, peasant.

The regime not only believes that achievement of the movement's objectives is possible but that it is possible in a short time, and the press is carrying articles on upsurges in production where the campaign is underway.

Indications are, however, that Mainland China is experiencing the negative results that have plagued all other Communist nations undertaking such a program. It is believed that as a result of the Socialist Education Movement, the Chinese cadres, especially at the basic or production-team level, have often been replaced by less experienced ones, and those who have not been replaced have had their authority seriously impaired.

Research still propaganda tool

Some accomplishments during the adjustment period have come about in China's more sophisticated agricultural research programs, such as those to develop hybrid corn and disease- and insect-resistant varieties of wheat and rice. However, there is little evidence of efforts to develop crop varieties responsive to increased applications of fertilizers — probably the biggest present-day need.

Also, research continues to be sapped by a massive propaganda campaign, placing undue emphasis on innovations that appear promising but are untested. Reflecting the impatience of the Chinese Government for "results," this campaign encourages experimental plots and fields at all levels in practically every production team. Great emphasis is placed on field selection of the larger ears of grain, bolls of cotton from the prolific plants, or seed from the best-looking plants which at best would result in little more than maintaining current yield levels.

Research on the institutional factors affecting farm production appears to be completely lacking. Private plots, poultry, and pigs are tolerated until such time as the collective sector can take them over. Relative pricing is used as a tool to achieve the desired balance in farm production, but with only indifferent results.

Water conservancy campaign

Most publicized of Mainland China's development programs during the period of adjustment have been the water conservancy campaign and the program to increase cultivated land in Inner Mongolia, Sinkiang, and, more recently, Hainan Island.

Apparently a large part of the water conservancy program in the traditional farming areas has been devoted to making up for past errors in planning and drainage—mistakes which had led to large tracts of land becoming too alkaline for crop production.

Although there are always claims of great success in the amount of earth that has been moved, China's net addition of irrigated and drained land to production appears to have been small and primarily restricted to the pastoral areas. About a third of China's cultivated land is capable of being irrigated, but maintenance of existing irrigation and drainage systems is about all the regime can manage with available tools and manpower.

Stronger trade ties with West

During its period of readjustment, China out of necessity — and disenchantment with its former big trading partner, the USSR — has become deeply involved in East-West trade. This increased dependence on the West has sprung from China's pressing need for a commodity—wheat — that has been in short supply in other Communist nations, but at cost of already scarce foreign exchange. There have been, of course, instances in which China has foregone trade with hard-currency countries because of political considerations — for example, in the case of Cuba, Albania, and some African nations.

As in the past, China's international trade is carried out entirely by various State trading enterprises; and similar stringent controls are in force for the domestic market. All farm products entering domestic trade channels, except those going into a limited free market for produce grown on the private plots, are handled by State enterprises or by strictly controlled cooperatives.

This domestic-market setup apparently has been giving the State officials some real headaches of late, especially in the area of price-fixing — one of the government's mechanisms to obtain the desired production of various crops. The press has reflected the official concern over price discrepancies, with one article in the *Peoples Daily* of September 15, 1965, stating that the peasants prefer to grow grain rather than the important foreign exchange earner, soybeans. It seems that the price paid for soybeans in relation to that for grain has been too low to obtain the desired results — a problem which most likely has carried over into other State undertakings such as allocation of manure, fertilizers, and labor.

Future prospects dim

As China prepares to enter its Third Plan (which was supposed to come into effect in 1963 but was put off until 1966), the country's inability to make much headway in expanding farm output must be highly disappointing to the Communist officials, especially since much attention has been focused on agriculture in this supposed final year of readjustment.

In coming years, the Chinese peasant can be expected to work hard on both his private plot and in the collective fields to the extent of insuring his own food supply. Any efforts beyond this point will depend on incentives for increased production, such as the availability of consumer goods. The peasants' private plots, and their poultry and pigs will probably continue to be the main source of poul-

(Continued on page 15)

MAINLAND CHINA'S AREA, YIELD, AND PRODUCTION OF SELECTED CROPS, 1953-57 AVERAGE, 1964, AND 1965

Crop	Area			Yield			Production		
	Average 1953-57	1964	1965	Average 1953-57	1964	1965	Average 1953-57	1964	1965
	1,000 hectares	*1,000 hectares*	*1,000 hectares*	*Kg. per hectare*	*Kg. per hectare*	*Kg. per hectare*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat	26,831	25,500	24,700	840	905	870	22,600	23,100	21,500
Rice	30,354	29,500	29,800	2,566	2,780	2,850	77,870	82,000	84,900
Misc. grain	51,585	52,500	54,500	1,012	1,050	980	52,190	55,100	53,400
Potatoes	10,067	12,500	11,500	1,906	1,800	1,750	19,260	22,500	20,100
Total grain	118,838	120,000	120,500	1,447	1,522	1,493	171,930	182,700	179,900
Cotton (lint)	5,689	4,630	5,000	240	280	270	1,368	1,300	1,350
Soybeans	12,154	8,300	8,100	794	900	910	9,655	7,470	7,371

Britain Moves Toward Greater Self-Sufficiency in Cereals

By TURNER L. OYLOE
Assistant U.S. Agricultural Attaché, London

Great Britain's ability to carry out a projected expansion in cereal production of 4.75 million long tons by 1970 is being watched with great interest by the United States and other suppliers, since the United Kingdom traditionally imports nearly half its total cereal requirements.

This projected expansion is an important part of the United Kingdom's economic blueprint for 1970, announced in September under the title of The National Economic Development Plan.

"Agriculture is one of the industries with a key role in the plan for faster economic growth," the announcement said. "Agriculture's...contribution to the Plan...will help through increased production to meet the growth in demand. This will ease the pressure on our bill for imports of temperate agricultural produce."

Giving full support to expansion of British agriculture under the Plan is the Hon. Frederick Peart, Minister of Agriculture, Fisheries, and Food, who has said, "For farmers, farm workers, and landowners alike, the call is to expand the output of those products which are wanted under this program — and to do this to the maximum extent through increasing productivity... The government will see that in the coming years the industry can get the physical and financial resources needed to achieve this selective expansion program."

Savings on feed grains

The saving of foreign exchange is a key motivating factor behind the United Kingdom's new move toward greater self-sufficiency in agriculture. It has been recognized by British planners that import savings on some agricultural products, mainly those which are not grown in the United Kingdom, cannot be made without affecting the standard of living. However, a significant saving can be made to the extent that Britain's expanding livestock numbers are fed from home-grown instead of imported feedstuffs. This is viewed as particularly timely because of growing demand by prospering consumers for more and better quality meats in their diets. In order to meet this growing demand and to save foreign currency, the plan foresees a possible expansion in the total production of cereals to 17.2 million long tons, an increase of 4.75 million long tons from last year's high level of production.

The British farming community recognizes the importance that increased cereal production will play. In late July, Sir Harold Woolley, President of the National Farmers Union, in a series of farm speeches, laid particular emphasis on the role of cereals when he stressed that British agriculture could not only produce the extra grain required for livestock feeding called for by an expanding market, but additional supplies as well, with a view to replacing, in part, present imports of feed grains.

Expansion possible

On the technical side, an increase of this magnitude (4.75 million tons) in cereal production appears feasible, based on the following analysis. The major change would be in production of barley, the United Kingdom's primary feed grain. Barley acreage would need to increase from this year's level of 5.3 million acres to 7 million acres by 1970. Wheat acreage would remain unchanged at 2.6 million acres, and oat acreage would in all likelihood decline moderately from this year's level of 1 million acres to 800,000 by 1970.

The yields for all grains would need to increase at about the same steady pace established in the past 15 years. Barley yields by 1970 are projected to increase by 11 percent to 32.7 cwt. per acre (76.3 bushels); wheat yields by 11.5 percent to 37.3 cwt. per acre (69.6 bushels); and oat yields by 4.5 percent to 25.1 cwt. per acre (87.8 bushels).

Besides the technical problems there would remain the need for an economic incentive for the farmer to expand production. Currently, the government's support price for wheat is $1.90 per bushel and $1.52 per bushel for barley. Coupled with these supports, the government also makes direct grants to farmers for fertilizer, lime, plowing, field drainage, and general farm improvements. These grants, or indirect subsidies, are estimated to be valued at about 23 cents per bushel for wheat and 20 cents for barley.

Farmers assured of price supports

One of the most important aspects of the government's 5-year plan, from the farmers' point of view, is the continued and strengthened assurance that the existing system of agricultural supports will continue at least through 1970, even though cereal production is expected to increase from the present 12.5 million tons to 17.2 million by the end of the period.

In summary, it appears that farmers have received an informal commitment from the government that, between now and 1970, increases in production will not significantly reduce the level of price supports, and the increased efficiencies will be passed along as higher farm incomes rather than lower consumer prices.

Cereal consumption to rise

Along with this projected increase in cereal production there would be an expansion in consumption of cereals, both for feed and nonfeed purposes. The anticipated increase in the demand for meat of 375,000 long tons would require an additional 2.6 million tons of feed grains, while the nonfeed consumption of cereals would increase by another one-half million tons. The total expansion in cereal requirements would be in the neighborhood of 3.1 million tons.

If the British farmer succeeds in increasing production by 4.75 million tons by 1970, there would be a net saving in import requirements of 1.65 million tons. British agriculture would not only account for the entire increase in demand but would also replace a large share of the market which is now served by imported grains.

Import cuts to hit U.S.

The implications of this plan for foreign suppliers of cereals are mixed. Because it is not possible for the United Kingdom to grow hard wheats, the import demand will continue to expand slowly as population increases. How-

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The export and promotion of U.S. POULTRY and POULTRY PRODUCTS

World production of poultry and eggs in 1965 is expected to reach record levels—as will international trade in poultry meat. The downward trend in trade in shell eggs and egg products, is expected to continue.

Broiler production is expected to make the sharpest increase this year, especially in Western Europe where production continues the climb begun in recent years.

In West Germany, broiler production—somewhat static until 1962—is expected to reach 120 million pounds. This is nearly 2½ times greater than the 48.5 million pounds produced in 1962. The Netherlands, which now supplies about two-thirds of the German broiler market, is also expected to make another substantial increase in production.

EEC levies spur output

Foremost among factors behind West European gains has been the effective insulation of the EEC from outside competition by high import charges.

During most of 1965, West German import charges on broilers from third-country suppliers ranged between 15 and 18 cents per pound; those on Dutch, French, and Belgian broilers were only 4½ to 5 cents per pound. These high levies encouraged the Germans and other EEC member states supplying that market to substantially increase broiler output.

Production has also zoomed because reduced supplies of red meat and higher red-meat prices in Western Europe have made broiler meat so competitive that for the second year consumption has jumped sharply.

Record import level

Despite high production, imports in 1965 into the eight principal world markets—West Germany, the Netherlands, Switzerland, Hong Kong, Japan, Greece, Canada, and Austria—are expected to hit the record level of 600 million pounds. West Germany, the biggest by far, is expected to take about 435 million pounds, about 75 percent of world trade in poultry meat.

The United States—with exports going to 80 countries and territories—should continue to maintain its position as the leading exporter of poultry meat to all markets. The Netherlands will be second and Denmark third.

Total U.S. exports of poultry meat in 1965, however, are expected to drop significantly from last year's 231 million pounds to about the 1963 level of 208 million pounds (valued at about $55 million).

U.S. exports down

Because of high EEC duties on third-country poultry imports, U.S. exports to West Germany are expected to drop back to the 1963 level of about 75 million pounds and to the Netherlands (a high percentage of which are transhipped to West Germany) to somewhat over 13 million pounds, down slightly from 1964.

With U.S. exports to Switzerland and Austria also down—because of heavily subsidized European poultry exports—the United States in late September moved to regain its fair share of the poultry market in these two countries by an export payment program for whole frozen, ready-to-cook USDA grade A chickens. The action followed only after the failure of numerous bilateral and multilateral discussions by U.S. officials aimed at persuading exporting countries to discontinue or modify subsidy practices.

U.S. turkey and parts sales up

Some of the drop in broiler trade in West European markets will be picked up in record-level sales of U.S. whole turkeys and turkey and chicken parts. With EEC levies on whole turkey little changed since early 1964, the United States has had relatively little competition from other suppliers. U.S. turkey exports in 1965 are expected to exceed 50 million pounds compared with 43 million pounds in 1964.

Trade in chicken and turkey parts will be about double that of a year earlier. In West Germany alone imports of U.S. poultry parts are expected to reach 50 million pounds, compared with only 26.8 million pounds in 1964.

U.S. exports of canned poultry in 1965 should continue the upward trend begun in 1962. The duty on canned U.S. poultry exports to West Germany is not subject to the EEC levy system and has continued since mid-1962 at a level substantially lower than that on frozen poultry. U.S. exports of canned poultry to the EEC are expected to hit 16 million pounds in 1965 compared with only 3.5 million pounds in 1962. About 73 percent of the total U.S. exports of canned poultry meat go to the EEC.

Exports of poultry specialties, such as chicken a la king, chicken and noodles, and pies, are expected to reach 2 million pounds—mostly to West Germany and the United Kingdom—according to data available this year for the first time.

Exports to Japan peak

Helping to keep U.S. exports of poultry at a high level, despite losses in the European market, are record-high shipments to Japan.

In 1965 U.S. exports to Japan are expected to exceed 13 million pounds, up from 1 million in 1962. In all likelihood, Japan will replace Hong Kong as the third largest market for U.S. poultry meat. U.S. shipments to Hong Kong, down somewhat in 1965 due to larger imports from the Chinese Mainland, should total about 12 million pounds.

In recent years, Peru has grown to be our sixth largest poultry market outside the EEC. In 1965, U.S. exporters are virtually assured a good market in Peru as a result of the Peruvian Government's recent decision to permit duty free, for extended periods, imports of chicken backs and necks. This trade does not compete directly with domestic poultry production in Peru and provides low-income Peruvian families with needed high-protein food.

Overseas market promotion

The expansion of export markets for U.S. poultry is an important cooperative industry-government effort. Overseas market development programs are administered by the Institute of American Poultry Industries acting in behalf of the U.S. poultry industry's International Trade Development Board.

Promotional targets include West Germany, Switzerland, the Nether-

lands, Austria, Italy, and Japan.

Promotional efforts such as demonstrations of the preparation, cooking and serving of U.S. ready-to-cook, frozen poultry have introduced the product to thousands of new consumers over the world. IAPI has carried out advertising campaigns emphasizing the use of poultry during holiday seasons and has exhibited and offered for sampling poultry at trade fairs.

Institutional trade

New marketing channels for poultry have been established by the introduction of U.S. poultry to the institutional trade, such as hotels and restaurants. Bakers and confectionery manufacturers have been show the quality and convenience of using U.S. egg solids.

Examples of the success of market development efforts to place more U.S. poultry products in world market places are numerous.

Spectacular growth was evidenced in Japan following promotional activity which culminated in the Tokyo Trade Center poultry show held in September 1963. As a result, U.S. exports to Japan in 1964 were more than tenfold the 1 million pounds shipped in 1962.

A new market and use for U.S. turkeys has been developed in Italy, where with the help of promotion, imports of U.S. turkeys have increased from 599,000 pounds in 1962 to 2.8 million pounds in 1964. A very recent development is the use of turkey breast as a substitute for high-priced white veal in Italian dishes.

Markets in Peru and Iraq

In October 1963, a wide variety of U.S. poultry products was displayed and a number of native dishes prepared utilizing U.S. poultry at the Pacific International Trade Fair in Lima, Peru. U.S. frozen poultry sales to Peru in 1963 amounted to 1.6 million pounds. By 1964, the figure had more than tripled with shipments of 5.9 million pounds, a total U.S. exports should match in 1965.

Just recently, U.S. poultry entered Iraq for the first time under a P.L. 480, Title IV program, and received an excellent reception.

This sampling of the U.S. poultry market development program indicates the necessity for an approach that is flexible and utilizes new promotion techniques geared to local conditions, and to changes in commercial practices and marketing techniques.

U.S. Baby Chick Exports Up in 1965, Trade In Other Poultry Products Somewhat Lower

U.S. trade in baby chicks and other live poultry, eggs and egg products in 1965 is expected to be below last year's $24 million worth, with increased exports of baby chicks compensating somewhat for lower sales of the other items.

Baby chicks and hatching eggs, of which the United States is the principal exporter, are the biggest exports, with Canada far and away the biggest customer. Baby chick exports are expected to be up $1.5 million to $11 million in 1965, and hatching egg exports to about maintain their 1964 level of $8.1 million.

U.S. exports of baby chicks in 1965 are estimated at about 28 million head, up about 3 million from last year, with significantly larger shipments to Italy and West Germany. Increased exports should also go to Canada, the Caribbean, Mexico, Ecuador, Peru, Greece, Japan, and Malaysia.

Canada top U.S. market

With U.S. exports of hatching eggs to Canada expected to be up nearly 40 percent in 1965 to about 38.4 million eggs, Canada again becomes principal U.S. market, a position held by Venezuela last year. Venezuelan imports are expected to decline to about 18 million eggs. Other markets are Jamaica, Trinidad and Tobago, and Italy.

World production of eggs—table, hatching, dried, and frozen—is expected to increase slightly in 1965, with available statistics from 40 countries indicating a total of about 230 billion. Egg output by major producers —most of it utilized at home—is continuing to trend up according to 1964 figures, the latest available: the USSR, 29.9 billion; Japan, 17.9 billion; the United Kingdom, 15.4 billion.

Due mainly to low egg prices early in the year, however, U.S. egg production in 1965 is expected to decrease somewhat to 64.2 billion eggs. So also is production in the major exporting countries, the Netherlands (down 10 percent to 4.6 billion), and Denmark (down 15 percent to 1.4 billion).

The most significant increase is that of West Germany, the biggest importing market, where EEC protection to German producers and high import duties on nonmember suppliers have sent production up seven percent in the past year to 12 billion eggs. The country is now nearly self-sufficient.

Largely because of the narrowing German market, world trade in table eggs continued to decline for the fifth consecutive year. In 1965, German imports are expected to drop an estimated 25 percent to only 1.8 billion eggs. Imports fro mthe major suppliers, Denmark and the Netherlands, were down 25 percent and 35 percent respectively.

Chinese eggs to Hong Kong

Hong Kong, second largest market —with 90 percent of its egg imports coming from Mainland China—is virtually closed to other exporters.

U.S. exports of table eggs, expected to hit 20.4 million eggs in 1965, will be under those of the previous year, and will again go mainly to Canada, Mexico, and the Netherlands Antilles.

World trade in egg products is expected to decline in 1965 for the third consecutive year, after reaching a high of 113 million pounds in 1961. Trade in the seven major markets is expected to total about 65 million pounds. Top three markets continue to be the United Kingdom, West Germany, and Italy.

U.S. exports of dried eggs, the bulk of which goes to Western Europe, are estimated to be 23 percent lower for 1965, with shipments at about 2.5 million pounds and worth $2 million.

Principal reason for the drop is now almost insignificant exports to West Germany, which used to take almost 45-50 percent of U.S. shipments. Total import charges on U.S. dried yolk going into West Germany during most of 1965 were equivalent to 60 percent ad valorem.

Exports of dried eggs to Switzerland and the United Kingdom are expected to be off again in 1965, with the United Kingdom, now top U.S. market, taking less than 1 million pounds.

U.S. trade in frozen eggs improved slightly in 1965, although total U.S. exports are not expected to exceed 550,000 pounds, largely attributable to high EEC import duties in the major markets of Western Europe.

Only U.S. animal up for sale at Codogno, this Holstein heifer (l) brought $1,664. Above, U.S. Holsteins graze on SAFFA farm.

American Dairy Cattle Find Ready Buyers in Italy

A U.S. Holstein-Friesian heifer—only animal in a 343-head shipment of U.S. cattle to Italy not already sold before arrival—last month brought a top price of $1,664 at a sale and show of dairy cattle at Codogno, about 35 miles southeast of Milan.

The largest purchaser, SAFFA, a large match company which maintains dairy herds on its tree farms, moved its 140 head to alfalfa pastures near Piacenza immediately upon arrival. The remainder went on to Codogno and, after the October 19 event, was trucked to other buyers' farms in the area.

The shipment—along with a load of 481 that left the United States November 7—brings to 7,979 the number of U.S. cattle sold to Italy since the first of the year. The sale was the result of combined efforts of the U.S. Trade Center in Milan, the Virginia State Department of Agriculture, and the Consorzio Allevatori L.L.G.G. Milano (Provincial Breeder's Association).

Shipment losses were kept down to five, despite a rough crossing, including a hurricane off Bermuda, which in all took about 20 days.

The cattle were purchased by a team of Italian buyers representing the breeders' group who came to the United States in August and personally selected the heifers in Virginia, Maryland, Wisconsin, and Pennsylvania. The Association plans to send a second team to the United States next spring. Under consideration are purchases of good quality stock, possibly for air transport.

Nigeria Makes 100-Head Purchase of U.S. Holsteins

Shown above are part of a 100-head shipment of registered U.S. Holsteins being loaded at Newark airport recently: destination, Nigeria. At right, Olayinka Simoyan, Nigerian Embassy, Washington, D.C., examines a cow with FAS livestock specialist Frederick Lege III. The shipment is said to be the largest single sale of registered U.S. Holsteins to Africa.

350 U.S. Foods Promoted With Consumers And Trade at Brussels; Beef Rates High

Ninety-five percent of the visitors queried at Steakhouse U.S.A. at the Salon de l'Alimentation, big international food fair which ended last week in Brussels, liked the U.S. choice-grade sirloin steaks which were the steakhouse's principal attraction. Main reason cited was the difference in flavor from the grass-fed beef which is the only kind most Europeans know.

Hamburgers and roast beef sandwiches, served at a snackbar, also proved popular.

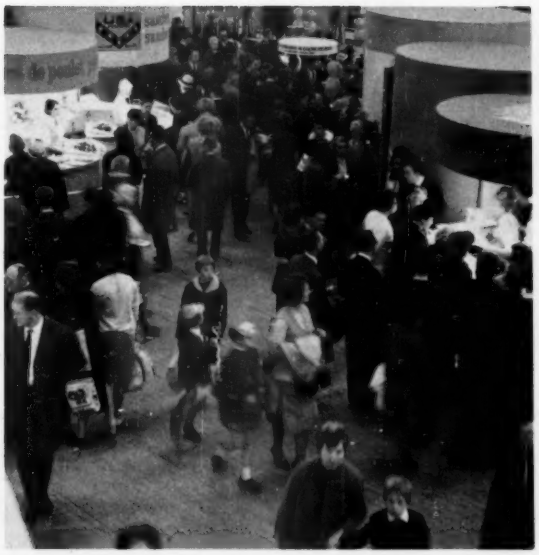
Some 350 U.S. food products in all were exhibited—and in some cases, sampled—at the fair. Representatives of 75 American food firms took full advantage of the opportunity to make contacts, take orders, and firm up business relationships for continuing sales.

U.S. poultry and methods of cooking were shown and turkey sandwiches and fried chicken drumsticks sold. Also on display were rice, honey, and soybean products.

The fair also showcased fresh fruits and vegetables flown in from California. January 1 reductions in air freight rates between the United States and Europe will make fresh U.S. produce available to European consumers at much lower, more competitive prices.

A Thanksgiving turkey, above, looks down on Belgians enjoying U.S. poultry, and below, tradespeople confer in trade lounge.

Crowds, right, throng the U.S. exhibit area at Brussels fair; Belgian women, below, examine U.S. fruits and vegetables flown from California; child enjoys American steak, above.



Closer Contact With EEC Suggested at EFTA Meeting—Also Trade Talks With Yugoslavia

The EFTA (European Free Trade Area) Council and the Joint Council of EFTA and Finland met at the ministerial level in Copenhagen on October 28 and 29, 1965. With Denmark as the host country, Denmark's Foreign Minister, Per Haekkerup, was chairman. By the close of business, Norway's invitation was accepted to be the next host of a meeting at the ministerial level to take place in Bergen on May 12 and 13, 1966.

Prior to the meeting, the chairman had indicated that the four major subjects should be (1) building a bridge between EFTA and EEC (European Economic Community), (2) providing for preferences in trade with developing countries, (3) elimination of the United Kingdom's surcharges, and (4) joint EFTA action against imports of subsidized commodities.

Contact with EEC

Although the EFTA conference in Vienna last May had concluded that steps ought to be taken to bring about closer and more continuous contacts between EFTA and EEC, the interim difficulties EEC has been experiencing led some members to oppose action at this time. The argument on one side was that a rapprochement between the two should be a part of any considerations EEC had in solving its problems; while on the other side, some felt interjection of this question now would react adversely on the efforts for contact.

The Council's conclusion was that "EFTA ministers reaffirm their conviction that a serious responsibility rests on governments to seek to insure closer cooperation between the EEC and EFTA and to pursue policies promoting the growth of trade and the expansion of their economies. EFTA governments are convinced that the possibilities of their final goal, a wide European market solution, would be considerably improved if a dialogue were established between the EEC and EFTA at all possible levels, and EFTA stands ready for this."

Instead of conveying this sentiment to EEC formally by letter, the chairman called the Ambassadors of the respective EEC member countries and handled them an aide-memoire and joint communique from the conference. This was a considerably lighter touch than some hoped for, but it did evidence a willingness without being subject to accusation of meddling in EEC affairs.

Preferences and surcharges

Early plans were to raise the question of granting preferences to developing countries. Denmark was taking the initiative on this, preferring UNCTAD (United Nations Conference on Trade and Development) principles of not requiring preferences from developing countries in exchange for preferences to them. The official communique issued at the end of the conference did not mention preferences to developing countries.

Regarding the United Kingdom's surcharges, the British delegation recalled assurances previously given that the import charge was an essentially temporary measure which would be reduced and removed as soon as the balance-of-payments situation permitted. Other country delegations indicated opinions that such charges were contrary to EFTA principles; however, the British emphasized the determination of their government to maintain its present course until the balance of payments had been restored.

Subsidized commodities

The only action Denmark succeeded in getting regarding EFTA restrictions against subsidized commodities was a statement in the joint communique that "Ministers also recognized that dumped and subsidized exports of agricultural products to EFTA markets from third countries create difficulties in certain cases for member states, and instructed the Council at official level to explore the possibilities of formulating appropriate proposals." Some newspapers have speculated that the United Kingdom and Denmark will come to some bilateral understanding later offsetting the United Kingdom's problem with Danish sales of chickens against Denmark's problem with the United Kingdom's sales of beef.

Of particular interest is an item buried in the discussion on EFTA-EEC relations. The communique states that "EFTA Ministers consider that the most immediate problem in relations between EFTA and the EEC is the European tariff issue. They believe that in this connection the primary aim should be to insure a successful conclusion of the negotiations under the Kennedy Round."

Building internal strength

Several discussions developed on the somewhat general topic of strengthening EFTA internally:

(1) The only precise decision based on a majority vote of 4 to 3 stated that, "as from December 31, 1966, when the tariffs on EFTA industrial goods traded within the area are reduced to zero, such goods may not benefit both from EFTA tariff treatment and from drawback."

(2) An agreement in principle (subject to a temporary reservation by Norway) was reached on solution of rebates of internal taxes on exported goods in a completed free trade area.

(3) As followup to provisions of the Stockholm Convention on restrictive business practices, the ministers agreed to further steps of implementation reaffirming their governments' readiness to examine complaints of infringements on Article 15 and in appropriate cases to deal with them by such methods as available. Such investigation is not dependent upon submission of a formal complaint or fully documented case, and member states have the ability to take administrative and, in many cases, legal measures. If a case cannot be settled bilaterally, it can be discussed informally on a multilateral basis. The matter may also be referred formally to the Council.

(4) Norway tried to get fish transferred to the industrial list for tariff reduction. A special committee was designated to work on this and submit a report at the next EFTA meeting in May (Norway will be host).

Talks with Yugoslavia

The most exciting item was announcement of Yugoslavia's request for exploratory talks with a view to improving trade relations between Yugoslavia and the EFTA countries. The ministers decided that the initial phase of these talks should be conducted by the EFTA Council and the Secretary-General.

Although not a part of the joint communique, newspapers carried the hint that Ireland may soon apply for membership in EFTA.

—ARTHUR M. ROLLEFSON
U.S. Agricultural Attaché, Copenhagen

Brazil's 1964-65 Crop Output Rises 13 Percent With Production of Corn at Record-High Level

Brazil's crop production during 1964-65 was up an estimated 13 percent over the preceding year, with record outputs of several major crops, including corn, beans, and probably manioc. With the country's potential for exporting large quantities of corn rising and shipments of cotton consistently high, its position as a competitor in the world market is being enhanced.

The bumper 1964-65 corn crop made between 1.5 million and 1.9 million metric tons available for export. To facilitate corn exports, the Brazilian Government reduced certain taxes and fees and provided new loading equipment at the ports of Santos and Paranaguá, but a combination of delay in putting these steps into effect and bad weather makes it unlikely that more than half the available corn will be exported.

The government will probably extend the tax and fee reductions through the 1966 corn export season as part of its program to boost corn sales abroad. Although improvement of port facilities should be completed by that time, lack of suitable railroad rolling stock, congestion on the docks, and a shortage of port storage facilities will still impede shipments.

Domestic use of cotton down

Cotton output in 1964-65 was below that of the previous year. However, decreasing domestic consumption released more to world markets, and for the fourth consecutive year exports exceeded 200,000 metric tons.

Recovering well from frost and drought damage in 1963, coffee output in 1964-65 reached 33 million bags. While sufficient coffee has thus been available, Brazil's policy of maintaining a high minimum export price made trade disappointing until this policy was changed in September.

The 1964-65 rice crop, combined with a large carryover from the preceding crop, was sufficient to put January-September 1965 exports at four times the average of the last 10 years. Before the end of the year, exports could well decrease in view of the local shortages brought about by heavy purchases under the government's price support program.

The outlook for Brazil's crop production in 1965-66 is favorable. Light frosts in the coffee zones during July caused no significant damage, and extremely heavy rains in the South during August and September—though responsible for some local losses—are not expected to affect overall output.

Wheat consumption recovering

On the import side, unloadings of wheat (principal agricultural import) have picked up slightly in recent months after falling to a low level at the beginning of the year. The decrease resulted from a drop in consumption caused by price rises after removal of the import subsidy in mid-1964. Although consumption has not yet returned to normal, it is expected to reach 200,000 metric tons monthly by mid-1966.

Under an agreement covering 1965-67, Argentina agreed to supply Brazil with 1 million metric tons of wheat annually. In March of this year, an agreement was made with Uruguay whereby Brazil would purchase up to 150,000 metric tons before the end of the year. U.S. exports of wheat and wheat flour to Brazil in fiscal 1965 totaled about 1.1 million metric tons, mostly under Title I of P.L. 480.

U.S. export prospects

The United States can look forward to steady sales of hops to Brazil, as the demand for beer remains strong. As farm improvement programs expand, U.S. sales of seeds, particularly vegetable, should register gains. Under provisions of the USAID program, some commodities imported from the United States—including seeds, gelatin, dry peas, and lentils—are eligible for waiver of the exchange surcharge and prior deposit requirements.

—Dispatch from JEROME M. KUHL
U.S. Agricultural Attaché
Rio de Janeiro

Foreign Plant Quarantine Regulations Available

To protect its own agriculture from destructive insects and diseases that might enter the country from abroad, the United Kingdom early this fall revised its plant quarantine regulations. Imports of plants, lucerne seed, and certain raw fruits and vegetables are all affected by the changes, some tightening up and others relaxing existing regulations.

Supplied by attaches

Keeping U.S. exporters posted on the plant quarantine rules of foreign countries and the revisions in them that occur periodically is the work of the U.S. Department of Agriculture's Plant Quarantine Division. Acting as liaison between U.S. plant quarantine officials and their foreign counterparts are the U.S. agricultural attachés abroad.

Through the U.S. attachés a country's plant quarantine orders are obtained, and at the Plant Quarantine Division's headquarters here they are translated into English when necessary, and summarized. The summary is then returned through the same channels to the issuing country for approval, and after this has been obtained, the regulations are distributed to all State and Federal plant quarantine officials throughout the United States. The U.S. agricultural attachés as well as the countries concerned and their embassies in Washington also get them.

By consulting the summaries of the various countries, an exporter can ascertain before he ships his product what type of inspection, treatment, and certification is demanded by the country of destination. For example, Britain's revised regulations require that all lucerne seed must be fumigated against lucerne stem eelworm before shipment, but they also stipulate that imports of lucerne seed are prohibited from countries where lucerne bacterial wilt is known to occur, except for seed grown in the State of California, which will be allowed in on certain conditions.

Certificates issued

Having determined what is required, the exporter may then proceed to secure the necessary inspection or treatment and the certificate attesting to this compliance. By law, the Plant Quarantine Division is charged with inspecting the plants and plant products to be exported and to certify that they are free of injurious pests and diseases, according to the sanitary rules of the country of destination.

Cost-of-Living Changes in Some Major Trading Nations

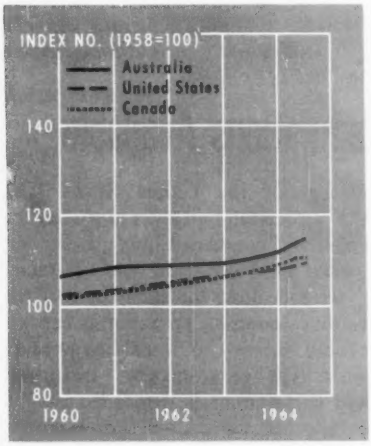
A situation often overlooked in discussions of international trade—and one that is of vital interest to U.S. producers and exporters of farm products—is the cost of living. In developed countries, increases in the cost of living are apt to injure the competitive position of industrial exports and eventually to restrain the demand for agricultural imports.

This restraint on imports can happen when cost-of-living increases lead to wage increases without a corresponding increase in labor productivity. Such a situation tends to raise the prices of the country's industrial products and make export sales more difficult. This decrease in ability to compete on world export markets in turn hampers the country's economic growth and thereby acts to hold down the demand for farm products.

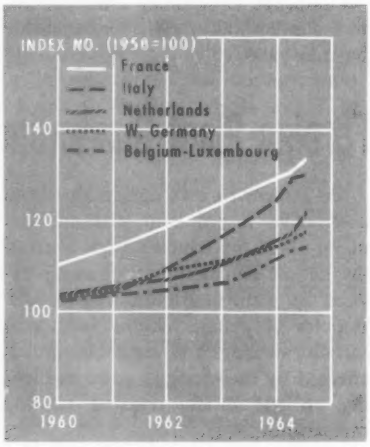
On the other hand, making agricultural imports easier through liberalization helps the developed countries hold down cost-of-living increases. Thus, imports of agricultural products help maintain a country's competitive position for industrial exports and its rate of economic growth—with a consequent helpful effect on the standard of living.

These statements and the accompanying charts make no pretense of investigating the complexities of the relationships among cost-of-living changes, industrial costs, industrial exports, economic growth, and agricultural trade. Rather, the purpose of the article is simply to cite the importance of these relationships and to present in pictorial fashion the changes that have taken place in the cost of living in the United States and 12 other countries. Among these other countries are several that are markets for U.S. agricultural exports, as well as several that are major agricultural exporters and U.S. competitors themselves.

THE U.S., CANADA, AUSTRALIA



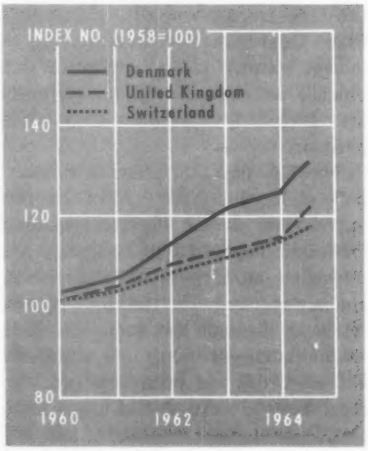
THE COMMON MARKET COUNTRIES



At far left—cost-of-living increases in three top agricultural exporting countries have been substantially less than in other areas.

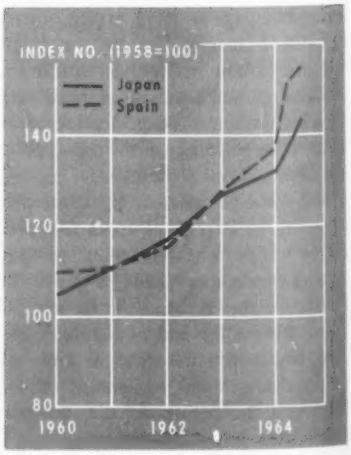
At left—cost-of-living changes vary among the Six, with France experiencing the most persistent rise and Italy (since 1962) the fastest.

THE U.K., DENMARK, SWITZERLAND



At right—the three European Free Trade Area countries shown have had marked cost-of-living increases; Denmark's has been the largest.

JAPAN AND SPAIN



At far right—sharp cost-of-living rises are occurring both in Japan (already highly industrialized) and in Spain (now working to industrialize).

India's Cotton Crop Lower

The 1965-66 cotton crop in India is currently estimated at about 4.7 million bales (480 lb. net)—a downward revision of more than 8 percent from earlier estimates. The lower figure compares with 4.9 million bales produced in 1964-65 and represents the smallest Indian cotton crop since 1961-62.

While the crop in the Punjab apparently was damaged to some extent by recent Indo-Pakistan hostilities, most of the expected reduction in 1965-66 outturn is attributed to an inadequate rainfall in all producing regions, during either the planting or growing periods. The Bengal Deshi crop—the principal type of cotton exported by India—is estimated at about 325,000 bales, compared with 275,000 produced in 1964-65.

Despite some recent buildup in mill inventories of cotton textiles and a slight reduction in yarn production in August and September, it is likely that cotton consumption will continue to rise in 1965-66. Consumption in 1964-65 was estimated at 5.5 million bales, an increase of 0.3 million from 1963-64 and nearly a million bales higher than 5 years ago. The textile industry has added a million spindles in the past 2 years, and further expansion is planned.

One of the major determiners of the consumption level reached this season is the quantity of raw cotton available. Each year India supplements its domestic crop by importing a half million or more bales. In 1964-65 imports amounted to 668,000 bales, about two-fifths of which were furnished by the United States under special export programs. Other major suppliers in 1964-65, with quantities in parentheses, were the UAR (136,000 bales), Sudan (83,000), East African countries (87,000), Pakistan (47,000), and Peru (25,000).

Although a global quota of about 175,000 bales (214,000 Indian bales) was announced in August, purchases have not been authorized because of an acute shortage of foreign exchange. Current purchases are mainly from the UAR under a rupee clearing agreement.

On October 22 a rupee clearing agreement was signed with Sudan for the purpose of purchasing Sudanese cotton. A similar rupee agreement with Uganda is now under consideration.

Morocco Expands Cotton Production

Morocco has been greatly expanding cotton acreage in recent years, with the result that output has risen to 33,000 bales (480 lb. net) in 1964-65 from 22,000 in 1963-64 and the 1955-59 average of 9,000. An estimated 50,000 acres were planted to cotton in 1965-66, up 10,000 from last year, and production this season may exceed 40,000 bales.

Most of Morocco's cotton is of the long staple varieties, and all of it is grown under irrigation. Among the principal varieties now being grown are Pima 67, Guiza 7, Ashmouni A-20, and Karnak 55. The length of staple varies from 1.1 to 1.5 inches.

Exports of cotton from Morocco in 1964-65 (July-June) amounted to 32,000 bales. Quantities exported to principal destinations in 1964-65 were (in 1,000 bales) Mainland China 11, Hungary 4, Spain 4, Czechoslovakia 4, West Germany 3, Switzerland 2, the USSR 2, and France 2.

The domestic cotton spinning industry consumes about 25,000 bales of cotton annually, most of which is medium staple upland type. In 1964-65 the United States supplied 15,000 bales, Chad 6,000, France 2,000, and small quantities from a few other countries. In 1964-65, 5,000 bales of U.S. cotton were programed for Morocco under Title III (Barter) of Public Law 480, while the remainder was sales for dollars.

Stocks of raw cotton on hand on August 1 of the current year were 17,000 bales, slightly above the 14,000 on hand a year earlier.

Canadian Cotton Consumption Increases

According to the Canadian Textiles Institute, textile mills in Canada opened 46,594 bales (480 lb. net) of cotton in September compared with 39,759 bales used in August and 40,393 in September 1964. Consumption of cotton in 1964-65 (August-July) totaled more than 450,000 bales—a volume not reached since 1951.

Suez Canal Northbound Shipments in September

In September northbound shipments of oil-bearing materials through the Suez Canal, at 116,557 metric tons, were 13,115 tons below those in August. The decline from August chiefly reflected reduced movements of soybeans from Mainland China.

Aggregate shipments of oil-bearing materials in 1964-65 declined by 7 percent and 9 percent from those of 1963-64 and 1962-63, respectively, but remained 8 percent above those in 1961-62. The decline reflected significant reductions in tonnages of all specified categories except soybeans and "other" oil-bearing materials.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

Item	September		October-September	
	1964	1965	1963-64	1964-65
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans[1]	14,136	4,987	171,859	200,532
Copra	66,916	92,002	796,085	748,839
Peanuts	7,173	5,053	201,943	178,130
Cottonseed	5,714	3,085	117,801	112,558
Flaxseed[2]	1,179	---	35,264	21,025
Castorbeans	1,873	2,420	71,086	27,400
Palm kernels	2,089	2,865	42,843	30,617
Others	10,995	6,145	110,323	115,383
Total	110,075	116,557	1,547,204	1,434,484

[1] Metric ton of soybeans = 36.7 bu. [2] Metric ton of flaxseed = 39.4 bu.

Suez Canal Authority, Cairo, Egypt.

September shipments of soybeans dropped to only 183,000 bushels—443,000 bushels below those in August and the lowest since June. Aggregate shipments in 1964-65, at 7.4 million bushels, were, however, one-sixth above those in 1963-64 and the largest since 1960-61.

Cumulative shipments of vegetable oils through the Canal in the year October-September 1964-65 were 358,327

tons, including 24,503 shipped in September, compared with 351,024 in 1963-64, with 28,427 in September. Palm and coconut oils shipments in 1964-65 amounted to 155,981 and 100,543 tons, against 142,524 and 104,482 tons in 1963-64.

Aggregate shipments of vegetable cakes and meals in 1964-65 and 1963-64 totaled 1.48 and 1.59 million tons, respectively. Of the total cakes and meals, peanut meal shipments were 685,000 and 740,000 tons; cottonseed 293,000 and 313,000 tons; and copra 254,000 and 258,000 tons, respectively.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

Month and quarter	Year beginning October 1				
	1960	1961	1962	1963	1964
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1 000 bushels*	*1,000 bushels*
July	184	180	1,070	1,874	752
August	1,470	1	331	1,732	626
September	1,102	146	184	519	183
October-December	919	919	12	19	1,604
January-March	6,062	4,082	1,328	1,484	2,826
April-June	1,213	239	573	706	1,376
July-September	2,756	327	1,585	4,106	1,561
October-September	10,950	5,567	3,498	6,315	7,367

Totals computed from unrounded numbers.
Suez Canal Authority, Cairo, Egypt.

Mainland China's Tung Oil Exports Increase

Tung oil exports from Mainland China in 1965, as indicated by reported imports into major importing countries, may approximate 22,000 short tons compared with only 18,200 and 13,400 in 1964 and 1963, respectively. The gain reflects some rise in the percentage of the nut crop harvested because of increased incentives to growers (see Foreign Agriculture Circular FFO-10-65, June 1965).

Lack of incentives, together with a strong need to increase grain production, in the years of the so-called Great Leap Forward resulted in a significant gap between biological yields and actual collection of tung nuts. With the recovery in grain production in the last few years, there has been increased emphasis on production of other crops such as tung nuts. This could reflect the need for hard-currency foreign exchange, as well as concern about maintaining traditional export markets. However, domestic consumption has probably taken up the major part of any increase.

Chinese exports of tung oil, as determined by the interplay of availabilities from growers, domestic consumption, and world prices, exceeded 11,000 tons in the first half of 1965 compared with only 6,700 in the same period of 1964. Exports this year will, however, remain substantially below the annual volume exported through 1960. This reflects the fact that a sizable portion of tung trees were uprooted in the collective movement of the Great Leap Forward.

The United Kingdom in 1964 displaced the USSR as the major market for Chinese tung oil, possibly because of China's efforts to obtain more hard-currency foreign exchange. Significant quantities of oil are also believed to have moved to Japan, West Germany, and the Netherlands. No oil is exported to the United States because of the U.S. embargo on trade with Mainland China since December 1950.

Although the Chinese since 1961 claim to have significantly increased the acreage planted to tung trees in the major producing areas of Szechuan, Fukien, Chekiang, Kiangsi, and Kwangtung, much of this area is not yet effectively producing. New grafting techniques which reportedly have hastened fruiting of the tung trees and increased yields cannot be evaluated until these techniques become more widely used among the growers. Thus, it would appear that the full production potential of the acreage now existing may not be achieved for several years.

TUNG OIL IMPORTS FROM MAINLAND CHINA INTO SPECIFIED COUNTRIES

Importing country	Average 1955-59	1963	1964 [1]	January-June [1] 1964	January-June [1] 1965
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
France	957	388	355	96	473
Germany, West	4,296	962	1,636	562	1,624
Netherlands	701	785	1,045	427	511
Sweden	1,128	815	985	384	503
United Kingdom	5,298	1,456	3,677	979	2,631
USSR	18,275	1,980	[2] 2,000	[2] 1,000	[2] 1,000
Hong Kong	7,201	2,463	2,452	851	1,350
Japan	3,707	2,330	3,695	1,475	1,931
Others [3]	6,539	2,230	2,355	[4] 903	[4] 1,325
Total	48,102	13,409	18,200	6,677	11,348

[1] Preliminary. [2] Estimated. [3] Includes Canada, Austria, Belgium, Denmark, Italy, Norway, Poland, India, Malaysia, Australia and New Zealand. [4] Partly estimated.

Chinese tung oil prices, basis European ports, which early in 1965 were about 25 to 26 U.S. cents per pound, declined to less than 20 cents per pound in October. A similar decline took place in 1964, with prices rebounding in November and December. Prices for South American oil, basis Europe, following a similar pattern, declined to 20.9 cents per pound in the first week of October this year and since then have not been quoted.

TUNG OIL IMPORTS FROM MAINLAND CHINA AND ALL SOURCES INTO SPECIFIED COUNTRIES [1]

Year	Imports into specified countries [1]			Average prices [2]	
	From Mainland China	Total	Mainland China's percent of total	Chnnese oil	South American oil
	1,000 short tons	*1,000 short tons*	*Percent*	*U.S. cents per lb.*	*U.S. cents per lb.*
Average 1955-59	48.1	66.3	72.5	19.6	---
Annual:					
1959	43.0	62.9	68.4	17.1	16.0
1960	34.2	53.7	63.7	16.7	16.3
1961	17.0	43.5	39.1	27.9	28.6
1962	17.7	41.3	42.9	39.2	36.2
1963	13.4	36.8	36.4	36.0	34.4
1964	18.2	45.3	40.2	22.1	22.4
1965	22.0	42.0	52.4	[3] 23.8	[3] 23.8

[1] Includes those countries specified in first table. [2] Quoted in bulk c.i.f. European ports; converted from original at an average rate of US$2.80 per pound sterling. [3] January-October only.

Total 1965 imports by the specified countries may decline somewhat from last year, despite increased movements from China. This chiefly reflects a significant reduction in availabilities from Argentina and Paraguay, due to freeze-damaged nut crops in September 1964. It thus appears that China will account for more than one-half of the estimated total imports this year—the largest proportion since 1960.

Philippine Exports of Canned Pineapple

Canned pineapple exports from the Philippines during January-July 1965 totaled 1,554,684 cases and may pos-

sibly exceed the short 1963 and 1964 export packs by the end of the calendar year. Exports during 1964 totaled 1,647,620 cases—more than 100,000 cases below the 1957-61 average.

The United States is the leading market for Philippine canned pineapples, followed by the United Kingdom and West Germany. These three outlets combined account for more than 70 percent of total Philippine exports. Although U.S. imports from the Philippines have recently been trending downward, they still account for more than 40 percent of total pineapple exports from that country.

At present, the major portion of Philippine canned pineapple production enters into the export market; it will no doubt continue to do so in the future.

PHILIPPINE EXPORTS OF CANNED PINEAPPLE

Country of Destination	1963	1964	Jan-July 1965
	Cases (24/2½'s)	*Cases (24/2½'s)*	*Cases (24/2½'s)*
United States	655,844	776,852	717,181
United Kingdom	191,849	214,826	257,105
West Germany	310,114	211,201	199,345
Netherlands	153,146	128,846	66,089
Japan	67,510	77,602	82,305
Sweden	67,804	79,121	84,804
Spain	72,605	58,299	49,236
Belgium	37,674	42,867	23,810
Denmark	27,092	17,245	8,083
Canada	20,625	16,265	51,784
Italy	12,738	7,153	6,565
All others	11,121	17,343	8,377
Total	1,628,122	1,647,620	1,554,684

Sudan Supplying More of Its Sugar Needs

A new sugarcane refinery at Guneid has helped supply part of Sudan's growing demand for sugar—the leading agricultural import of the Sudan.

Imports of sugar amounted to 112,290 metric tons (123,777 short tons) in 1963 and 121,248 metric tons (133,652 short tons) in 1964 for a value of US$25.2 million. Prior to 1962, the United Arab Republic supplied about half of the Sudan's imports of sugar. In 1963 the Sudan imported 39,908 metric tons (43,991 short tons, originating in Cuba) from the USSR and some 10,198 metric tons (11,241 short tons) from Cuba. No sugar was imported from the USSR or Cuba in 1964.

Some 16,400 metric tons (18,078 short tons) of beet sugar were imported from the USSR in early 1965. Major sources of refined sugar imports during calendar 1964 included France, Taiwan, and the United Arab Republic.

The Guneid refinery will be provided with about 600,000 tons of cane which will produce about 60,000 metric tons (66,000 short tons) of refined sugar per year.

WORLD CROPS AND MARKETS INDEX

Cotton

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Fats, Oilseeds, and Oils

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Fruits, Vegetables, and Nuts

14 Philippine Exports of Canned Pineapple

Sugar, Fibers, and Tropical Products

15 Sudan Supplying More of Its Sugar Needs

Mainland China's Agriculture Today

(Continued from page 4)

try and pork products for the population as a whole.

Grain production is most unlikely to show a rapid increase. As a matter of fact, grain output during the last 4 years has been near the maximum permitted by the present level of soil fertility. Any gain in output, assuming no change in other factors of production, will have to come from increased application of chemical fertilizers, production of which has risen over the last 5 years but not enough to significantly affect crops.

Efforts to put more land into production through the water conservancy campaign will very likely be retarded in coming years, as the easily irrigated land is probably already under irrigation, and any additional progress is dependent upon heavy investments in reservoirs, long irrigation ditches, and expensive leveling operations.

Little change seen for trade

This pessimistic outlook for grain indicates China will have to keep on importing around 5 to 6 million tons of wheat annually, but at the same time, the country will no doubt continue its policy of exporting as much rice as feasible.

Looking to 1965-66 trade in other commodities, exports of hogs, poultry, and fresh vegetables to Hong Kong will most likely rise; shipments of soybeans to Japan may decline, while those of cottonseed oil increase. It is expected that there will also be a rise in exports of processed and preserved foodstuffs. Insofar as possible, China will probably direct its exports to Western countries in order to earn readily convertible foreign exchange.

Britain's Cereal Self-Sufficiency Plans

(Continued from page 5)

ever, the import demand for feed grains and soft wheat can be expected to decline.

Cereal imports as a percentage of total grain requirements were 46 percent during the 3-year period, 1961-62 through 1963-64, and declined to 40 percent in 1964-65. The projected level of imports as a percentage of total British cereal requirements in 1970 can well decline to 28 percent.

This decline in grain import requirements could be expected to fall mainly on U.S. suppliers, who have built up a very large trade in feed grains, especially corn and sorghum. The United States accounted for 60 percent of all corn imports and one-third of sorghum imports last year. U.S. exports of soft wheats could also face a declining demand.

Although the British cannot be expected to meet their full deficit for grains by 1970, present plans and projections indicate that, with domestic production rising at a faster rate than demand, they are definitely moving toward a greater degree of self-sufficiency, and can expect to reduce import requirements drastically from their present levels.

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Record Dairy Production Forecast for New Zealand During 1965-66

After a cold, wet winter marked by feed shortages in many districts, pasture conditions are now excellent in New Zealand—leading to predictions that this year's dairy production will reach a new peak.

The country's dairy output has climbed steadily over the years. Through conscious efforts to raise herd productivity, butterfat output per cow for the five seasons 1958-59 to 1962-63 reached an average 286 pounds compared with 240 pounds in the 5 years prior to World War II. A similar rise occurred in the size of dairy herds—from an average of 62.2 head in 1960 to 70.0 in 1963.

Long-range growth predicted

Looking ahead to the next decade, New Zealand's Dairy and Marketing Board anticipates a growth rate that could exceed the notable accomplishments of the past. Current estimates place 1965-66 production of manufactured dairy products at about 1.14 billion pounds, slightly above the 1964-65 output. The forecast for major products in 1965-66 includes: butter, 542 million pounds; cheese, 235 million; condensed and powdered whole milk, 27 million; skim milk powder, 190 million; buttermilk powder, 49 million; and casein, 94 million.

The Dairy Board is optimistic about finding markets for New Zealand's future increases in dairy output. The U.K. market—on which the country relies heavily for most of its butter and cheese exports—is capable of some expansion, but new outlets will have to be found for the bulk of increased production. Among the areas where new or increased demand is envisioned are South Africa (which took nearly 10,000 tons of butter and 2,000 tons of cheese from New Zealand in 1964-65), Japan, and a number of countries in the Middle East, Africa, and the Far East.

New Zealand's annual quota for butter in the U.K. market is expected to hold steady at 40 percent of the United Kingdom's total imports of 420,000 tons. However, the Dairy Board is concerned that the falling price of New Zealand butter in the United Kingdom may be further depressed by competition from other suppliers.

The United Kingdom also took 43 percent of the skim milk powder New Zealand exported in 1964-65, despite a substantial rise in prices to the United Kingdom. In a year of unprecedented demand, large quantities were exported to Europe for use in stock-food compounds and to the Far East for reconstitution.

Milk manufacture to rise

New Zealand expects to export 100,000 tons of skim milk and buttermilk powders in 1965-66, compared with 89,000 tons last year. This, combined with forecast casein exports of 48,000 tons, will require the use of 15 percent more milk than was used in the manufacture of these products in 1964-65—a significant increase in one season, but indicative of the pace at which the dairy industry is growing.

The industry is rapidly preparing to expand its exports of fresh, frozen cream. Some markets require that this product be supplied from tuberculosis-free herds and that herds be tested regularly for the disease. The Department of Agriculture reports good progress in eliminating the disease. By the end of 1964-65, 2.15 million cattle were being TB tested regularly, 310,000 more than a year earlier.

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